

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 DODE-00 PM-05
H-01 L-03 NSC-05 PA-01 PRS-01 SS-15 /099 W
-----009706 031749Z /70

P 031656Z NOV 77
FM AMEMBASSY MADRID
TO SECSTATE WASHDC PRIORITY 2337
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY THE HAGUE
USMISSION GENEVA
USMISSION USNATO

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BRUSSELS AND PARIS ALSO FOR USEEC AND OECD

E.O. 11652 NA
TAGS: ELAB, ECON, SP
SUBJECT: FURTHER LABOR/EMPLOYERS/GOVT MEETING ON
MONCLOA ECONOMIC ACCORDS

REF: MADRID 7519

1. SUMMARY: ADDITIONAL MEETINGS TO DISCUSS THE MONCLOA
ECONOMIC ACCORDS TOOK PLACE AS EXPECTED (REFTEL)
OCT 28 AND 29 BETWEEN BUSINESS AND LABOR LEADERS AND
GOVT VP'S FUENTES QUINTANA AND ABRIL MARTORELL.
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BUSINESS SPOKESMEN WERE SOMEWHAT LESS NEGATIVE, AND
THE COMMUNIST-DOMINATED SWC REMAINED RELATIVELY
FAVORABLE TO THE ACCORDS, BUT THE SOCIALST UGT
APPEARED TO BE HARDENING ITS OPPOSITION. END SUMMARY.

2. ON OCT 28 WORKERS' COMMISSIONS (SWC) AND UGT
LEADERS MET WITH THE GOVT. THE UGT ONCE AGAIN PROPOSED

THAT THE SALARY INCREASE LIMIT OF 22 FOR NEXT YEAR BE DROPPED FROM THE MONCLOA ACCORDS, AS WELL AS THE POSSIBILITY OF BUSINESS REDUCING PLANT WORK FORCES BY 5 UNDER CERTAIN LIMITED CIRCUMSTANCES. INSTEAD, SAID UGT, SALARY INCREASES SHOULD BE "MOBILE" (TIED TO THE PRICE INDEX OF THE PREVIOUS MONTH) AND NO PLANT WORK FORCE REDUCTIONS SHOULD BE PERMITTED. THE GOVT, IN RESPONSE, REITERATED THAT THE TEXT OF THE ACCORDS COULD NOT BE CHANGED (SECRETARY OF STATE RENDUELES HAD EARLIER ALSO TOLD THE CHARGE THAT THERE COULD BE NO RPT NO MODIFICATIONS OF THE MONCLOA ECONOMIC ACCORDS), BUT OFFERED CREATION OF A TRI-PARTITE COMMISSION (GOVT-EMPLOYERS-UNIONS) TO "ADMINISTER THE APPLICATION" OF THE SALARY INCREASE LIMITS. THE UGT REFUSED TO PARTICIPATE IN THIS COMMISSION, WHEREUPON THE SWC TENTATIVELY WITHDREW ITS EARLIER AGREEMENT IN PRINCIPLE TO DO SO.

3. ON OTHER LABOR THEMES OF INTEREST - UNION PLANT ELECTIONS, COLLECTIVE BARGAINING, LABOR "BILL OF RIGHTS", RIGHT TO STRIKE, "PATRIMONY", AND RIGHT TO FIRE - AGREEMENT IN PRINCIPLE WAS REACHED TO SET UP MIXED COMMISSIONS AND CONTINUE DISCUSSIONS AT AN EARLY DATE. THE SWC APPEARED TO FAVOR RAPID "PROVISIONAL" SOLUTION OF AS MANY ISSUES AS POSSIBLE, VIA DECREE LAW, WHILE THE UGT CALLED FOR PARLIAMENTARY ACTION IN THE CORTES LIMITED OFFICIAL USE

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(WHERE, OBVIOUSLY, THE FORCE OF THE PSOE COULD BETTER BE BROUGHT TO BEAR).

4. ON OCT 29 THE GOVT MET WITH VARIOUS EMPLOYER LEADERS, MOST NOTABLY CARLOS FERRER SALAT, PRESIDENT OF THE CEOE (SPANISH CONFEDERATION OF EMPLOYER ORGANIZATIONS). HE AFFIRMED THAT MANAGEMENT WOULD "CARRY OUT EVERYTHING ESTABLISHED AS THE (GOOD) CITIZENS WE ARE", BUT STRESSED THE NEED FOR "FULL ACCEPTANCE OF THE FREE MARKET ECONOMY" IF SPAIN WAS TO PROGRESS. SALARY INCREASE LIMITS AND THE STAFF "FLEXIBILITY" REFERRED TO IN THE MONCLOA ACCORDS WERE A CLOSED SUBJECT", HE ADDED. ON BEHALF OF MANAGEMENT, HE ACCEPTED THE GOVT-PROPOSED MIXED COMMISSIONS. (THE FIRST MEETING IS EXPECTED NOV 3, AND LABOR PLANT ELECTIONS WILL REPORTEDLY BE HIGH ON THE AGENDA).

5. LABOR LEADERS MEANWHILE CLARIFIED THEIR STANDS IN SEPARATE STATEMENTS. SWC SEC GEN MARCELINO CAMACHO

STATED THAT THE ACCORDS "DISTRIBUTE THE NATION'S BURDENS IN A PROPORTIONAL WAY AMONG THOSE MOST AND LEAST ABLE

TO BEAR THEM. "HE CRITICIZED AS "EXTREMISTS" THOSE WHO
REJECT THE ACCORDS. HE ALSO, IN PASSING, CLAIMED FOR
SWC STATUS AS SPAIN'S "LEADING UNION," WITH 1.7
MILLION MEMBERS (ROUGHLY DOUBLE THE MOST COMMON
ESTIMATES, BUT IN DEFAULT OF UNION ELECTIONS NO ONE CAN
REALLY SAY). FOLLOWING THE SAME LINE, PCE SECGEN
CARRILLO COMPARED THE MONCLOA ACCORDS (IN PARLIAMENT
AND IN A TELEVISED SPEECH NOV 1 - SEPTTEL) TO THE ENGLISH

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BRUSSELS AND PARIS ALSO FOR USEEC AND OECD

EXPERIENCE WHERE, HE SAID, A SOCIALIST GOVT GAVE THE
WORKERS 10 RAISES AND 20 INFLATION, VS. SPAIN, WHERE
SALARY INCREASES AND INFLATION WOULD BE "EQUAL".

6. UGT SECGEN NICOLAS REDONDO, IN THE PSOE PARTY
NEWSPAPER "EL SOCIALISTA", AFFIRMED THAT THE UGT WAS
"DISPOSED TO ASSUME" ITS RESPONSIBILITIES IN OVERCOMING
THE ECONOMIC CRISIS--BUT DEFINED THAT RESPONSIBILITY

IN TERMS OF "DEFENDING WITH FIRMNESS THE INTERESTS OF THE WORKERS". HE DECLARED THAT THE UGT AGREED WITH THE NECESSITY OF SALARY MODERATION--BUT INCREASES MUST NOT LIMITED OFFICIAL USE

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BE LESS THAN THE AVERAGE PRICE INCREASE, SO THAT THE WORKERS' PURCHASING POWER WAS PROTECTED. FURTHERMORE, INCREASES SHOULD BE WEIGHTED TOWARDS THE POOREST, TO REDUCE THE SPREAD OF "DIFFERENTIALS". THE UGT, HE CONCLUDED, WAS OPPOSED TO ANY TYPE OF PLANT WORK FORCE "FLEXIBILITY".

7. LATER, AFTER A LARGE UGT MEETING NOV 1 IN SEVILLE (ALSO ATTENDED BY PSOE SEC GEN FELIPE GONZALEZ), REDONDO APPEARED TO MODERATE SLIGHTLY HIS PUBLIC STAND: THE UGT DID NOT INTEND TO "MAINTAIN A COMBATIVE ATTITUDE" TOWARDS THE ECONOMIC ACCORDS. REDONDO ONCE AGAIN ADVOCATED, FOR THE UPCOMING PLANT ELECTIONS, "CLOSED" LISTS AND PROPORTIONAL REPRESENTATION ON PLANT COMMITTEES (MADRID 8222). COLLECTIVE BARGAINING SHOULD BE CONDUCTED BY "THE UNIONS" (WITHOUT SPECIFYING WHAT SHOULD BE DONE IF NO UNION GAINS AN OVERALL MAJORITY IN A PARTICULAR PLANT), AND THE UNION LEADERSHIP SHOULD STAND OVER THE PLANT COMMITTEE, RATHER THAN DEPENDING ON IT. EATON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LABOR, UNION GOVERNMENT RELATIONS, MEETINGS, POLITICAL PARTIES, ECONOMIC PROGRAMS
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Copy: SINGLE
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MADRID08462
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770405-0729
Format: TEL
From: MADRID
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t197711100/aaaadide.tel
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Litigation History:
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Message ID: 6a5dae0d-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 MADRID 7519
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 22-Feb-2005 12:00:00 am
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 389051
Secure: OPEN
Status: NATIVE
Subject: FURTHER LABOR/EMPLOYERS/GOVT MEETING ON MONCLOA ECONOMIC ACCORDS
TAGS: ELAB, ECON, SP
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/6a5dae0d-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009